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DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 029)

**VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF AND
OUTSTANDING DEBTS OWING FROM
HIGH GRAND INVESTMENTS LIMITED**

**CONTINUING CONNECTED TRANSACTIONS
PROPERTY MANAGEMENT SERVICES IN RELATION TO ETON PLACE**

SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Acquisition Agreement

The Board is pleased to announce that the Company has proposed to invest in the Property in the total sum of HK\$728 million (equivalent to approximately RMB758 million), subject to Adjustment, comprising (i) the Acquisition at the Total Consideration of HK\$344 million (equivalent to approximately RMB358 million), subject to Adjustment, and (ii) after Completion, payment of the sum of RMB400 million (equivalent to approximately HK\$384 million), subject to Adjustment, being the Balance Payment of the Property payable under the Pre-Sale Contracts for the acquisition of the Property by MOIL (being a wholly-owned subsidiary of HGIL and which will become an indirect wholly-owned subsidiary of the Company after Completion). The total investment in the Property by the Group of HK\$728 million represents an investment of HK\$24,116 (equivalent to approximately RMB25,110) per square metre calculated by reference to the current estimated total gross floor area of the Property of approximately 30,188 square metres.

On 5 January 2006, the Vendor, the Guarantor and the Purchaser (a wholly-owned subsidiary of the Company) entered into the Acquisition Agreement pursuant to which (a) the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Share and the Sale Debt at the Total Consideration of HK\$344 million (equivalent to approximately RMB358 million), subject to Adjustment, and the consideration payable for (i) the Sale Share shall be the Total Consideration less the face value of the Sale Debt as at Completion, and (ii) the Sale Debt shall be its face value as at Completion; (b) the Vendor has provided the Vendor's Undertaking in favour of the Purchaser; and (c) the Guarantor guaranteed in favour of the Purchaser in respect of the due performance by the Vendor of its obligations and liabilities under the Acquisition Agreement which includes the Vendor's Undertaking. The Sale Debt amounted to approximately HK\$77 million as at the date of the Acquisition Agreement and is estimated to amount to approximately HK\$178 million as at Completion, representing amount advanced to HGIL by the Vendor for the purpose of financing MOIL to make payments of the initial and second payments payable by MOIL under the Pre-Sale Contracts entered into by MOIL with the Developer (being an indirect wholly-owned subsidiary of the Vendor) to acquire the Property as referred to in the section headed "Pre-Sale Contracts" in this announcement.

The Total Consideration, being HK\$344 million (equivalent to approximately RMB358 million), subject to Adjustment, will be paid by the Purchaser by way of two instalments: (1) the Deposit, being approximately HK\$69 million (equivalent to approximately RMB72 million), representing 20% of the Total Consideration, has been paid on the date of the Acquisition Agreement to the Vendor; and (2) the balance of the Total Consideration in the sum of approximately HK\$275 million (subject to Adjustment and equivalent to approximately RMB286 million representing 80% of the Total Consideration), less the retention of HK\$30 million as initial retention money for the obligations of the Vendor under the Acquisition Agreement (including the Vendor's Undertaking) as referred to in the section headed "Completion" in this announcement, will be paid upon Completion. Completion is conditional on satisfaction or waiver of certain pre-conditions as disclosed in this announcement. In the event that the conditions precedent to the Acquisition Agreement cannot be satisfied on or before 15 March 2006 (or such other date as may be agreed between the Vendor and the Purchaser), the Vendor shall immediately refund the Deposit to the Purchaser without interest.

Upon Completion, both HGIL and MOIL will become wholly-owned subsidiaries of the Company. After Completion, the Balance Payment of the Property in the amount of RMB400 million (equivalent to approximately HK\$384 million) will be made by MOIL in accordance with the terms of the Pre-Sale Contracts. It is currently intended that such payment will be financed by bank borrowings to be obtained by the Group.

Continuing Connected Transactions

Pursuant to the Deed of Mutual Covenant in respect of Eton Place which comprises, amongst others, the Property, the Property Management Company (being an indirect wholly-owned subsidiary of the Vendor) will act as the property manager to manage Eton Place (including the Property). After completion of the Pre-Sale Contracts, Property Management Fees will be payable by MOIL to the Property Management Company as property manager in respect of the Property on the same terms as other owners of other parts of Eton Place calculated in accordance with the Deed of Mutual Covenant.

It is currently expected that Property Management Fees of approximately RMB28 (equivalent to approximately HK\$27) per square metre per month will be payable by MOIL to the Property Management Company. The total maximum amount of Property Management Fees payable on an annual basis is currently estimated to be approximately RMB10 million (equivalent to approximately HK\$10 million) (before taking into account of the Property Management Fees payable by the tenants in the event that the Property or any part thereof is leased out). However, the Property Management Fees may exceed RMB10 million (equivalent to approximately HK\$10 million) if the Property Management Fees on a per square meter basis (as applicable to the whole of the Eton Place) are increased and/or the actual gross floor area exceeds the estimated gross floor area of the Property.

General

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. The Controlling Shareholders control each of the Vendor, the Developer, the Guarantor and the Property Management Company. The Acquisition therefore also constitutes a connected transaction for the Company under the Listing Rules. As the Total Consideration exceeds HK\$10,000,000 and the applicable percentage ratios in respect of the Acquisition exceed 25%, the Acquisition is subject to reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and the approval of Independent Shareholders by way of poll in accordance with Rule 14A.48 of the Listing Rules.

As the Cap exceeds HK\$10,000,000 and the applicable percentage ratios in respect of the Continuing Connected Transactions exceed 2.5%, the transactions contemplated under the Deed of Mutual Covenant constitute non-exempt continuing connected transactions of the Company under the Listing Rules. The Continuing Connected Transactions including the Cap will be subject to the reporting and announcement requirements and the approval of Independent Shareholders by way of poll in accordance with Rule 14A.35 of the Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolutions to approve the Acquisition and the Continuing Connected Transactions including the Cap. The Controlling Shareholders will abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Acquisition and the Continuing Connected Transactions including the Cap.

An independent committee of the Board comprising the independent non-executive Directors has been established to consider the Acquisition and the Continuing Connected Transactions including the Cap and an independent financial adviser will be appointed to advise the independent committee of the Board and the Independent Shareholders in respect of the terms of the Acquisition and the Continuing Connected Transactions including the Cap.

A circular containing, amongst other things, (i) further information regarding the Acquisition and the Continuing Connected Transactions including the Cap; (ii) the advice of the independent financial adviser to the independent committee of the Board and the Independent Shareholders in relation to the Acquisition and the Continuing Connected Transactions including the Cap; (iii) the recommendation of the independent committee of the Board to the Independent Shareholders in relation to the Acquisition and the Continuing Connected Transactions including the Cap; (iv) the property valuation report on the Property; (v) the accountants' report of the Property Group; (vi) pro forma financial information relating to the Enlarged Group; and (vii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

Special Dividend and Closure of Register of Members

The Board has resolved to declare a Special Dividend of 15 HK cents per Share to those Shareholders whose names appear on the register of members of the Company at 4:00 p.m. on the Record Date. The Special Dividend will be paid in cash on or about Friday, 31 March 2006. As at the date of this announcement, there are 219,103,681 Shares in issue and the aggregate amount of Special Dividend to be distributed by the Company will amount to approximately HK\$33 million assuming that no further Shares will be issued between the date of this announcement and the Record Date.

To ascertain the entitlement of the Shareholders to the Special Dividend, the register of members of the Company will be closed from Monday, 20 March 2006 to Friday, 24 March 2006, both days inclusive, during which period no transfer of Shares will be registered.

Resumption of trading

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Wednesday, 4 January 2006 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange by the Company for resumption of trading in the Shares with effect from 9:30 a.m. on Monday, 9 January 2006.

The Board is pleased to announce that the Company has proposed to invest in the Property in the total sum of HK\$728 million (equivalent to approximately RMB758 million), subject to Adjustment, comprising (i) the Acquisition at the Total Consideration of HK\$344 million (equivalent to approximately RMB358 million), subject to Adjustment, and (ii) after completion of the Acquisition, payment of the sum of RMB400 million (equivalent to approximately HK\$384 million), subject to Adjustment, being the Balance Payment of the Property payable under the Pre-Sale Contracts for the acquisition of the Property by MOIL

(being a wholly-owned subsidiary of HGIL and which will become an indirect wholly-owned subsidiary of the Company after Completion). The total investment in the Property by the Group of HK\$728 million represents an investment of HK\$24,116 (equivalent to approximately RMB25,110) per square metre calculated by reference to the current estimated total gross floor area of the Property of approximately 30,188 square metres.

THE ACQUISITION AGREEMENT

Date 5 January 2006

Parties

Vendor: Eton Properties Group Limited as the vendor. The Controlling Shareholders control the Vendor and effectively control the board of directors of the Vendor. Therefore, the Vendor is a connected person of the Company under the Listing Rules. The principal business activities of the Vendor are investment holdings in the PRC.

Guarantor: Eton Properties Limited as the guarantor. The Controlling Shareholders control the Guarantor and effectively control the board of directors of the Guarantor. Therefore, the Guarantor is a connected person of the Company under the Listing Rules. The principal business activities of the Guarantor are investment holdings in the PRC and provision of project management services.

Purchaser: Glory Diamond Inc., a wholly-owned subsidiary of the Company

The Acquisition

Pursuant to the Acquisition Agreement,

- (a) the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share and the Sale Debt at the Total Consideration of HK\$344 million (equivalent to approximately RMB358 million), subject to Adjustment, and the consideration payable for (i) the Sale Share shall be the Total Consideration less the face value of the Sale Debt as at Completion, and (ii) the Sale Debt shall be its face value as at Completion;
- (b) the Vendor has provided the Vendor's Undertaking in favour of the Purchaser; and
- (c) the Guarantor has guaranteed in favour of the Purchaser in respect of the due performance by the Vendor of its obligations and liabilities under the Acquisition Agreement (including the Vendor's Undertaking).

The Sale Debt amounted to approximately HK\$77 million as at the date of the Acquisition Agreement and is estimated to amount to approximately HK\$178 million as at Completion, representing amount advanced to HGIL by the Vendor for the purpose of financing MOIL to make payment of the initial and second payments payable by MOIL under the Pre-Sale Contracts entered into between MOIL and the Developer (being an indirect wholly-owned subsidiary of the Vendor) to acquire the Property as referred to in the section headed "Pre-Sale Contracts" in this announcement.

HGIL is an investment holding company whose sole asset is its investment in MOIL. MOIL is an investment company whose sole investment is its interests in the Property under the Pre-Sale Contracts.

The terms and conditions of the Acquisition Agreement (including the Total Consideration) were reached and determined as a result of negotiations between the Vendor and the Purchaser on an arm's length basis with reference to a valuation on the Property on a completed basis of RMB850 million (equivalent to approximately HK\$816 million) as at 30 November 2005 conducted by Savills Valuation and Professional Services Limited, a firm of independent professional property valuer. The aggregate of the Total

Consideration and the Balance Payment of the Property (being the total investment proposed to be made by the Group in the Property) represents a discount of approximately 11% to the said valuation of the Property.

Having considered the factors as set out in the section headed “Reasons for the Acquisition and benefits to the Company”, the Board considers that the terms of the Acquisition Agreement are fair and reasonable and on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

The Property

The Property comprises 182 office units located at 7th to 22nd Floors (without the 13th and 14th Floors) of the West Tower of Eton Place with an estimated gross floor area of approximately 30,188 square metres. The Property represents all the office units of the West Tower and is situated in a prime location in the Pudong district, Shanghai, the PRC. The land on which the Property is erected on is held under land use rights for a term of 50 years commencing from 30 September 2003 and expiring on 29 September 2053 and is designated for commercial and office use.

Eton Place is located at No.69 Dongfang Road, Pudong New Area, Shanghai, the PRC comprising the 24-storey office tower (East Tower), a 36-storey office tower (the West Tower) erected upon a 5-storey commercial podium plus a 2-storey commercial/car park basement with a total site area of approximately 14,149 square metres. The West Tower accommodates primarily the office units from the 7th Floor to the 22nd Floor (without the 13th and 14th Floors) (being the Property) and a proposed five star hotel from the 25th Floor to the 40th Floor (without the 24th and 34th Floors). The West Tower commands seaview over the Huangpu River. Eton Place is currently under construction and is expected to be completed before 30 September 2006.

Total Consideration

The Total Consideration payable for the Sale Share and the Sale Debt is HK\$344 million (equivalent to approximately RMB358 million), subject to Adjustment, and the consideration payable for (a) the Sale Share shall be the Total Consideration less the face value of the Sale Debt as at Completion, and (b) the Sale Debt shall be the face value of all outstanding debt due from HGIL to the Vendor as at Completion. The Sale Debt amounted to approximately HK\$77 million as at the date of the Acquisition Agreement and is estimated to amount to approximately HK\$178 million as at Completion, representing amount advanced to HGIL by the Vendor for the purpose of financing MOIL to make payment of the initial and second payments payable by MOIL under the Pre-Sale Contracts entered into between the Developer and MOIL, (both being indirect wholly-owned subsidiaries of the Vendor) as referred to in the section headed “Pre-Sale Contracts” in this announcement.

The Total Consideration will be satisfied in cash and paid in the following manner:

- (a) the Deposit, being approximately HK\$69 million (equivalent to approximately RMB72 million), representing 20% of the Total Consideration, has been paid in cash on the date of the Acquisition Agreement to the Vendor. In the event that the conditions precedent to the Acquisition Agreement cannot be satisfied on or before 15 March 2006 (or such other date as may be agreed between the Vendor and the Purchaser), the Vendor shall immediately refund the Deposit to the Purchaser (without interest); and
- (b) the balance of the Total Consideration in the sum of approximately HK\$275 million (subject to Adjustment and equivalent to approximately RMB286 million representing 80% of the Total Consideration) less a retention of HK\$30 million as initial retention money for the obligations of the Vendor under the Vendor’s Undertaking, will be paid by the Purchaser to the Vendor in cash upon Completion.

The Total Consideration will be financed by internal resources of the Group.

Conditions Precedent

Completion is conditional on the following conditions being satisfied or (in the case of condition (b) below) waived by the Purchaser:

- (a) the Independent Shareholders having approved the Acquisition Agreement and the transactions contemplated under or in connection with the Acquisition Agreement at the SGM as required by and in accordance with the Listing Rules; and
- (b) the warranties given by the Vendor under the Acquisition Agreement remaining true, accurate and not misleading as of the date of completion of the Acquisition Agreement by reference to the facts and circumstances subsisting as at such date.

Completion will take place within 15 days after the conditions have been fulfilled or waived.

If the conditions set out above are not fulfilled or (in the case of condition (b) above) waived on or before 15 March 2006 (or such other date as may be agreed between the Purchaser and the Vendor) or Completion does not take place as a result of the Vendor and/or the Guarantor failing to fulfill its/their obligations under the Acquisition Agreement, the Purchaser may by notice to the Vendor terminate the Acquisition Agreement without prejudice to any rights that the Purchaser may have against the Vendor and the Vendor shall immediately refund the Deposit without interest to the Purchaser.

Completion

Upon Completion, both HGIL and MOIL will become wholly-owned subsidiaries of the Company.

The Vendor has given the Vendor's Undertaking in the Acquisition Agreement pursuant to which:

- (i) the Vendor has undertaken to the Purchaser that it shall procure performance of the Developer of its obligations under the Pre-Sale Contracts, and further that the Construction Completion and completion of the Pre-Sale Contracts shall take place no later than the Pre-Sale Contracts Completion Deadline and, in the event that the Construction Completion and completion of the Pre-Sale Contracts cannot take place on such date, the Vendor shall indemnify the Purchaser in this respect;
- (ii) the Vendor has guaranteed that the gross annual rental income derived from the Property will not be less than RMB60 million (equivalent to approximately HK\$58 million) per annum, representing a gross yield of approximately 8% per annum calculated by reference to the total investment of HK\$728 million (equivalent to approximately RMB758 million) proposed to be made by the Group in respect of the Property, for the three years commencing from the completion of the Pre-Sale Contracts; and in the event that the amount of gross rental income derived from the Property for any such year falls below RMB60 million (equivalent to approximately HK\$58 million) per annum, the Vendor will pay to the Purchaser an amount equivalent to such shortfall on a dollar for dollar basis;
- (iii) the Vendor has undertaken to reimburse the Purchaser or any of its subsidiaries (including the Property Group) commissions paid or payable by the Purchaser or any of its subsidiaries (including the Property Group) to letting agents in respect of any lease or rental agreements in connection with any part(s) of the Property entered into at any time after the date of the Acquisition Agreement up to the date being one year after completion of the Pre-Sale Contracts; and
- (iv) the Vendor has undertaken to reimburse Property Management Fees paid or payable by the Purchaser or any of its subsidiaries (including the Property Group) in respect of the period of one year from completion of the Pre-Sale Contracts in relation to the Property or any part(s) thereof to the extent not recoverable from tenant(s) of the Property (to be determined on a daily basis).

The Vendor's Undertaking, other than the undertaking regarding procuring the performance of the Developer of its obligations under the Pre-Sale Contracts referred to in paragraph (i) above, shall take effect subject to and upon Completion.

Pursuant to the terms of the Vendor's Undertaking and the Pre-Sale Contracts, if the Construction Completion and completion of the Pre-Sale Contracts shall take place later than the Pre-Sale Contracts Completion Deadline, the Vendor or the Developer will pay a sum equivalent to 0.03% per day on the total investment of the Group in the Property (being the sum of HK\$728 million (equivalent to approximately RMB758 million)) from the Pre-Sale Contracts Completion Deadline until the actual date of completion of the Pre-Sale Contracts.

The Guarantor has undertaken to procure the due performance of the Vendor of all of its obligations under the Acquisition Agreement.

The obligations of the Guarantor and the Vendor's Undertaking shall terminate and cease to have any effect (without prejudice to any rights which have already accrued against the Vendor) if MOIL ceases to be a subsidiary of the Company after Completion.

In addition, the Purchaser will retain a sum of HK\$30 million, HK\$20 million and HK\$10 million, respectively, from the balance payment of the Total Consideration payable to the Vendor, during the first, second and third year from the completion of the Pre-Sale Contracts as retention money in respect of all the obligations of the Vendor under the Acquisition Agreement (including the Vendor's Undertaking).

Pre-Sale Contracts

Pursuant to the internal restructuring the Vendor Group, MOIL (an indirect wholly-owned subsidiary of the Vendor) entered into the Pre-Sale Contracts with the Developer (an indirect wholly-owned subsidiary of the Vendor) pursuant to which the Developer agreed to sell and MOIL agreed to purchase the Property at the acquisition cost of approximately RMB586 million (equivalent to approximately HK\$562 million), subject to Adjustment. The acquisition cost payable by MOIL for the Property will be paid in the following manner:

- (a) initial payment of RMB80 million (equivalent to approximately HK\$77 million), representing approximately 14% of the total acquisition cost of the Property, has been paid to the Developer on 31 December 2005;
- (b) second payment of approximately RMB106 million (equivalent to approximately HK\$101 million), representing approximately 18% of the total acquisition cost of the Property, will be paid by MOIL to the Developer before 28 February 2006; and
- (c) the Balance Payment of the Property, being RMB400 million (subject to Adjustment and equivalent to approximately HK\$384 million), representing approximately 68% of the total acquisition cost of the Property, will be paid by MOIL to the Developer before 30 June 2006.

Upon Completion, both HGIL and MOIL will become wholly-owned subsidiaries of the Company. It is currently intended that the Balance Payment of the Property will be financed by bank borrowings to be obtained by the Group.

Adjustment

Pursuant to the terms of the Acquisition Agreement and the Pre-Sale Contracts, adjustments will be made to the total investment of the Group in the Property of HK\$728 million (equivalent to approximately RMB758 million) in the event that the current estimated gross floor area of each office unit comprising the Property differs with its actual gross floor area (which will be determined on completion of the Pre-Sale Contracts) as follows:

- (i) In the event that the actual gross floor area of an office unit comprising the Property exceeds the current estimated gross floor area of such office unit, adjustment will be made to the purchase price for such office unit as a result of which the total investment of the Group in the Property will be increased by HK\$24,116 (equivalent to approximately RMB25,110) per square meter up to a

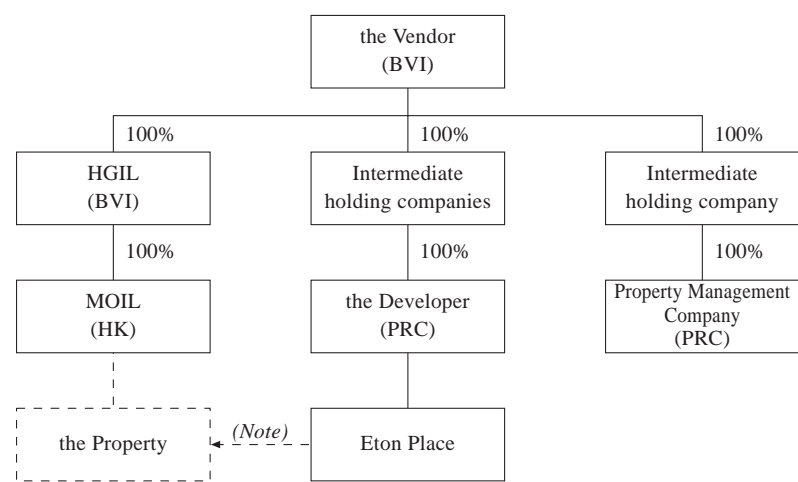
maximum of 3% of any excess in the actual gross floor area in comparison with the estimated gross floor area for such office unit irrespective of whether such excess is over 3% and no adjustment will be made in respect of any excess over 3%.

- (ii) In the event that the actual gross floor area of an office unit comprising the Property is less than the estimated gross floor area of such office unit, adjustment will be made to the purchase price for such office unit as a result of which the total investment of the Group in the Property will be reduced as follows:
- (a) in respect of any deficit in the actual gross floor area in comparison with the estimated gross floor area of such office unit of less than or equal to 3%, HK\$24,116 (equivalent to approximately RMB25,110) per square meter; and
 - (b) in respect of any deficit in the actual gross floor area in comparison with the estimated gross floor area of such office unit of more than 3%, HK\$48,232 (equivalent to approximately RMB50,220) per square meter.

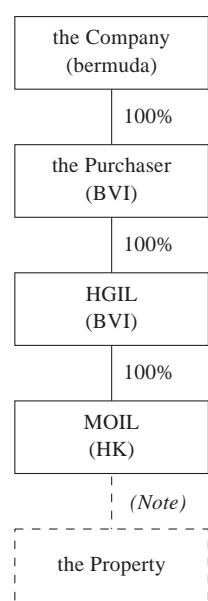
Shareholding structure of the Property Group

The following shows a simplified holding structure of the Property Group before and after Completion:

Before Completion



After Completion



Note: The Developer has entered into the Pre-Sale Contracts to dispose of its interests in the Property to MOIL and MOIL is interested in the Property pursuant to the Pre-Sale Contracts.

Reasons for the Acquisition and benefits to the Company

The Group is principally engaged in property investment and development.

As disclosed in the announcement of the Company dated 4 October 2005, the Company is considering to acquire premium properties for the Group in the PRC as opportunities arise. Shanghai is the international and financial centre for the PRC and is well positioned to benefit from the continuing establishment and expansion of multinational companies in the PRC which is expected to lead to continual increase in demand for prime office premises in Shanghai. The Company considers that such demand will lead to a lack of supply of prime office premises in Shanghai as evidenced by rental payable in respect of for prime office premises located in the Pudong District, Shanghai. The Company expects that such trend will continue in the foreseeable future.

The Acquisition enables the Group to acquire all the office units within the West Tower allowing the Group to exercise greater degree of control over the conditions and quality of the Property situated in a prime location within the Pudong district, Shanghai, without over stretching the financial commitments of the Group. The Property will also be supported by a proposed five star hotel located in the West Tower and other facilities within the commercial podium of Eton Place. It is currently intended by the Company that it will hold the Property as a long term investment for rental purposes.

The Company considers that the recent measures taken by the local government of Shanghai to dampen short term speculative property investment in Shanghai provides an opportunity for the Company to invest in the property market in Shanghai. The Property will be newly constructed in a prime location within the Pudong district in Shanghai commanding sea view over the Huangpu River. Further, the Company considers the Acquisition as an opportunity for the Group to strengthen its asset base taking into account of the expected rental income (supported by the Vendor's Undertaking) and also the potential future growth in rental yield and capital gain on the Property.

Information relating to the Property Group

HGIL is an investment holding company incorporated in the BVI on 18 August 2005. Its sole asset is the 100% equity interest in MOIL.

HGIL has no business operation save for the aforesaid investment interest and has not recorded any profit or loss (unaudited) on a consolidated basis since its date of incorporation. As at 31 December 2005, the unaudited total assets of HGIL amounted to approximately HK\$77 million representing its investment in the entire issued share capital of MOIL and loan advanced to MOIL, the unaudited total liabilities of HGIL amounted to approximately HK\$77 million representing the loan advanced by the Vendor to HGIL and the unaudited consolidated net assets value of HGIL amounted to HK\$8.

MOIL is an investment company incorporated in Hong Kong on 13 October 2005. Its sole asset is its interest in the Property under the Pre-Sale Contracts pursuant to which the Developer agreed to sell and MOIL agreed to purchase the Property.

MOIL has no other business operation save as aforesaid and has not recorded any profit or loss (unaudited) since its date of incorporation. As at 31 December 2005, the unaudited total assets of MOIL amounted to approximately HK\$77 million representing the initial payment made by MOIL pursuant to the Pre-Sale Contracts, the unaudited total liabilities of MOIL amounted to approximately HK\$77 million representing loan advanced by HGIL to MOIL and the unaudited net assets value of MOIL amounted to HK\$1.

CONTINUING CONNECTED TRANSACTIONS

Property management services in relation to Eton Place

Pursuant to the Deed of Mutual Covenant in respect of Eton Place which comprises, amongst others, the Property, the Property Management Company (being an indirect wholly-owned subsidiary of the Vendor) will act as the property manager to manage Eton Place (including the Property). After completion of the Pre-Sale Contracts, Property Management Fees will be payable by MOIL to the Property Management Company as property manager on the same terms as other owners of other parts of Eton Place calculated in accordance with the terms of the Deed of Mutual Covenant.

However, in the event that the whole or any part of the Property is leased out to tenants, such tenants are expected to be responsible to pay for the Property Management Fees for the relevant part of the Property being leased out to such tenants. As set out in the section headed “Completion” in this announcement, pursuant to the terms of the Vendor’s Undertaking, the Vendor will reimburse the Purchaser in respect of Property Management Fees payable by MOIL in relation to the Property or any parts thereof to the extent not recoverable from tenant(s) of the Property (to be determined on a daily basis) for a term of one year commencing from the date of completion of the Pre-Sale Contracts.

It is currently expected that Property Management Fees of approximately RMB28 (equivalent to approximately HK\$27) per square metre per month will be payable by MOIL to the Property Management Company and the total maximum amount of Property Management Fees payable on an annual basis will be approximately RMB10 million (equivalent to approximately HK\$10 million) (before taking into account of the Property Management Fees payable by the tenants in the event that the Property or any part thereof is leased out). However, the Property Management Fees may exceed RMB10 million (equivalent to approximately HK\$10 million) if the Property Management Fees on a per square meter basis are increased as applicable to the whole of the Eton Place and/or the actual gross floor area exceeds the estimated gross floor area of the Property.

Listing Rules implications

After Completion, MOIL will become an indirect wholly-owned subsidiary of the Company. The Controlling Shareholders control the Property Management Company. As the Cap exceeds HK\$10 million and the applicable percentage ratios in respect of the Continuing Connected Transactions exceed 2.5%, the transactions contemplated under the Deed of Mutual Covenant constitute non-exempt continuing connected transactions of the Company under the Listing Rules. Therefore, the Continuing Connected Transactions including the Cap will be subject to the reporting and announcement requirements and the approval of Independent Shareholders by way of poll in accordance with Rule 14A.35 of the Listing Rules. The Controlling Shareholders will abstain from voting on the resolution in respect of the Continuing Connected Transactions including the Cap at the SGM.

The Company will seek the approval by the Independent Shareholders at the SGM of the Continuing Connected Transactions including the Cap for the three financial years ending 30 June 2009. The Company will further comply with the annual review and disclosure requirements in respect of the Continuing Connected Transactions under Rules 14A.37 to 14A.41 of the Listing Rules. In the event that the Continuing Connected Transactions continue for a term which exceed a period of 3 years, the Company will comply with the relevant requirements under the Listing Rules where applicable, including the reporting and announcement requirements and the Independent Shareholders’ approval requirements under Rule 14A.35 of the Listing Rules.

Basis of determination of the Cap

The Cap for the Continuing Connected Transactions for each of the three financial years ending 30 June 2009 is determined based on the current estimated amount of the Property Management Fees of approximately RMB28 (equivalent to approximately HK\$27) per square metre per month which estimate has been provided by the Developer. It should be noted that the Property Management Fees are calculated on the same basis as property management fees payable by owners of other parts of Eton Place.

The Deed of Mutual Covenant is on normal commercial terms which are applicable to all owner(s) of Eton Place. The Board considers that the Continuing Connected Transactions including the Cap are fair and reasonable and on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

GENERAL

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. The Controlling Shareholders control each of the Vendor, the Developer, the Guarantor and the Property Management Company. The Acquisition therefore also constitutes a connected transaction for the Company under the Listing Rules. As the Total Consideration exceeds HK\$10,000,000 and the applicable percentage ratios in respect of the Acquisition exceed 25%, the Acquisition is subject to reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and the approval of Independent Shareholders by way of poll in accordance with Rule 14A.48 of the Listing Rules.

As the Cap exceeds HK\$10,000,000 and the applicable percentage ratios in respect of the Continuing Connected Transactions exceed 2.5%, the transactions contemplated under the Deed of Mutual Covenant constitute non-exempt continuing connected transactions of the Company under the Listing Rules. The Continuing Connected Transactions and the Cap will be subject to the reporting and announcement requirements and the approval of Independent Shareholders by way of poll in accordance with Rule 14A.35 of the Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolutions to approve the Acquisition and the Continuing Connected Transactions including the Cap. As at the date of this announcement, the Controlling Shareholders are interested in approximately 42.59% of the issued share capital of the Company. The Controlling Shareholders will abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Acquisition and the Continuing Connected Transactions including the Cap. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholder (other than the Controlling Shareholders) is required to abstain from voting for the approval of the Acquisition and the Continuing Connected Transactions including the Cap.

An independent committee of the Board comprising the independent non-executive Directors has been established to consider the Acquisition and the Continuing Connected Transactions including the Cap and an independent financial adviser will be appointed to advise the independent committee of the Board and the Independent Shareholders in respect of the terms of the Acquisition and the Continuing Connected Transactions including the Cap.

A circular containing, amongst other things, (i) further information regarding the Acquisition and the Continuing Connected Transactions including the Cap; (ii) the advice of the independent financial adviser to the independent committee of the Board and the Independent Shareholders in relation to the Acquisition and the Continuing Connected Transactions including the Cap; (iii) the recommendation of the independent committee of the Board to the Independent Shareholders in relation to the Acquisition and the Continuing Connected Transactions including the Cap; (iv) the property valuation report on the Property; (v) the accountants' report of the Property Group; (vi) pro forma financial information relating to the Enlarged Group; and (vii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

SPECIAL DIVIDEND

The Board has resolved to declare a Special Dividend of 15 HK cents per Share to those Shareholders whose names appear on the register of members of the Company at 4:00 p.m. on the Record Date. The Special Dividend will be paid in cash on or about Friday, 31 March 2006. As at the date of this announcement, there are 219,103,681 Shares in issue and the aggregate amount of Special Dividend to be distributed by the Company will amount to approximately HK\$33 million assuming that no further Shares will be issued between the date of this announcement and the Record Date.

The Directors approved the declaration of the Special Dividend after taking into consideration, among other factors, the cash reserves of the Company following completion of a very substantial disposal of Dynamic Cargo Centre, particulars of which were disclosed in the circular of the Company dated 31 October 2005, and the requisite funding for the Acquisition.

CLOSURE OF REGISTER OF MEMEBRS

To ascertain the entitlement of the Shareholders to the Special Dividend, the register of members of the Company will be closed from Monday, 20 March 2006 to Friday, 24 March 2006, both days inclusive, during which period no transfer of Shares will be registered. To qualify for the Special Dividend, Shareholders should ensure that transfers are lodged with the Company's Registrar for registration no later than 4:00 p.m. on Friday, 17 March 2006.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Wednesday, 4 January 2006 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange by the Company for resumption of trading in the Shares with effect from 9:30 a.m. on Monday, 9 January 2006.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Acquisition”	acquisition of the Sale Share and the Sale Debt
“Acquisition Agreement”	the acquisition agreement dated 5 January 2006 entered into between the Vendor, the Guarantor and the Purchaser relating to the Acquisition
“Adjustment”	adjustment to be made to the consideration as referred to in the section headed “Adjustment” in this announcement
“associate”	shall have the meaning ascribed to it in Chapters 1 and 14A of the Listing Rules
“Balance Payment of the Property”	RMB400 million (equivalent to approximately HK\$384 million), being the balance of the purchase price of the Property payable by MOIL to the Developer under the Pre-Sale Contracts
“Board”	board of the Directors
“BVI”	the British Virgin Islands

“Cap”	the maximum amount of the Property Management Fees payable by MOIL to the Property Management Company pursuant to the Deed of Mutual Covenant for each of the three financial years ending 30 June 2009, being HK\$12 million (equivalent to approximately RMB12 million)
“Company”	Dynamic Holdings Limited (stock code: 029) (達力集團有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition Agreement in accordance with the terms thereof
“completion of the Pre-Sale Contracts”	delivery of the Property in accordance with the terms of the Pre-Sale Contracts
“Construction Completion”	completion of the construction of West Tower in accordance with the requirements of the Pre-Sale Contracts including obtaining (a) registration form for acceptance of construction completion (建設工程竣工驗收備案表) and (b) Shanghai Municipality construction completion and planning acceptance certificate (上海市建設工程竣工規劃驗收合格證明) issued by the relevant PRC government authorities, and such other approvals or certificates as may be reasonably required by the Purchaser based on formal legal advice from its PRC legal advisers
“Continuing Connected Transactions”	transactions contemplated under the Deed of Mutual Covenant
“Controlling Shareholders”	Mr. Chua and his associates
“Deed of Mutual Covenant”	a deed of mutual covenant relating to the management of Eton Place binding upon MOIL and other owners of Eton Place with the Developer, as it may be amended, supplemented or replaced from time to time, including any property management agreements concluded pursuant to the terms thereof
“Deposit”	approximately HK\$69 million (equivalent to approximately RMB72 million), which was paid by the Purchaser to the Vendor upon signing of the Acquisition Agreement
“Developer”	上海齊茂房地產開發有限公司 (Shanghai Supreme Trade Property Development Co., Ltd.*), a wholly foreign owned enterprise established in Shanghai, the PRC, the entire equity interests of which are wholly owned by the Vendor
“Directors”	directors of the Company
“Enlarged Group”	the Group and the Property Group
“Eton Place”	裕景國際商務廣場 (Eton Place*), No. 69 Dongfang Road, Pudong New Area, Shanghai, the PRC as more particularly described in the section headed “The Property”
“Guarantor”	Eton Properties Limited, a company incorporated in Hong Kong
“Group”	the Company and its subsidiaries

“HGIL”	High Grand Investments Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Vendor
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK cent”	Hong Kong cent, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the Controlling Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOIL”	Move On International Limited (智啓國際有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of HGIL
“Mr. Chua”	Mr. Chua Domingo, the Chairman, Executive Director and substantial shareholder of the Company
“percentage ratios”	shall have the meaning as ascribed to it in the Listing Rules
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-Sale Contracts”	182 sets of pre-sale contracts in respect of the pre-sale of the Property entered into between the Developer and MOIL between 22 and 30 December 2005
“Pre-Sale Contracts Completion Deadline”	30 September 2006 (or such other date of completion of Pre-Sale Contracts as may be permitted under the Pre-Sale Contracts)
“Property”	182 office units located at 7th Floor to 22nd Floor (without 13th and 14th Floors) of the West Tower of Eton Place, with an estimated total gross floor area of approximately 30,188 square metres
“Property Group”	HGIL and MOIL
“Property Management Company”	伊頓物業管理(上海)有限公司 (Eton Property Management (Shanghai) Company Limited*), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Vendor
“Property Management Fees”	the management fees payable by MOIL to the Property Management Company as property manager of Eton Place calculated in accordance with the terms of the Deed of Mutual Covenant and related documents
“Purchaser”	Glory Diamond Inc., a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Record Date”	Friday, 24 March 2006, being the date for determination of entitlements to the Special Dividend
“Registrar”	the branch share registrars of the Company, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Debt”	the outstanding interest-free debt due from HGIL to the Vendor and such debt amounted to approximately HK\$77 million as at the date of the Acquisition Agreement
“Sale Share”	one share of US\$1.00 each in the capital of HGIL, representing the entire issued share capital of HGIL
“SGM”	a special general meeting of the Company to be convened and held to approve the Acquisition and the Continuing Connected Transactions including the Cap
“Share”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Special Dividend”	the special dividend of 15 HK cents per Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	shall have the meaning ascribed to it in the Listing Rules
“Total Consideration”	HK\$344 million (subject to Adjustment and equivalent to approximately RMB358 million), being the total consideration for the acquisition of the Sale Share and the Sale Debt
“Vendor”	Eton Properties Group Limited, a company incorporated in the BVI
“Vendor Group”	the Vendor, the Developer and the Property Group
“Vendor’s Undertaking”	the undertakings given by the Vendor pursuant to the Acquisition Agreement in favour of the Purchaser regarding (a) performance by the Developer of its obligations under the Pre-Sale Contracts, (b) Construction Completion, (c) rental yield, reimbursement of the Property Management Fees and the letting commission payable to letting agents, as more particularly described in the section headed “Completion” in this announcement
“West Tower”	the West Tower of Eton Place, comprising the Property and a proposed 5 star hotel, with a total gross floor area of approximately 83,297 square metres
“%” or “per cent”	percentage

By order of the Board
Dynamic Holdings Limited
Pang Kit Man, John
Chief Executive Officer

Hong Kong, 6 January 2006

As at the date of this announcement, the Directors of the Company comprise Mr. Chua Domingo, Mr. Pang Kit Man, John, Mr. Tanenglian Mariano Chua, Mr. Tan Lucio Jr. Khao and Mr. Cheung Chi Ming as Executive Directors; and Mr. Chong Kim Chan, Kenneth, Mr. Sy Robin and Mr. Mak Kwai Wing, Alexander as Independent Non-Executive Directors.

For the purpose of this announcement, conversion of Renminbi into Hong Kong dollar is calculated at the exchange rate of RMB1.0412 to HK\$1.00. Such conversion has been included for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

** For identification purpose only*